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June 2, 1997

FINAL RATE INTEGRATION PLAN

BY HAND DELIVERY

Ms. Regina M. Keeney
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Room 500
Washington, D.C. 20554

Re: Final Rate Integration Plan
CC Docket No. 96-61

Dear Ms. Keeney:

Pursuant to the directive of the Federal Communications Commission ("FCC" or the "Commission") in Policy and Rules Concerning the Interstate, Interexchange Marketplace, CC Docket No. 96-61, ¶ 68 (released Aug. 7, 1996) ("Interexchange Marketplace"), IT&E Overseas, Inc. ("IT&E"), by its attorneys, hereby submits its final plan to achieve rate integration by the FCC's established deadline of August 1, 1997. IT&E, however, renews its request that the Commission stay the enforcement of its rate integration rule, as applied to IT&E, pending resolution of the issues raised in IT&E's Petition for Partial Reconsideration ("Petition"), filed on September 16, 1996, requesting reconsideration of the Commission's dismissal of IT&E's request for forbearance from enforcement of the rate integration requirements as applied to IT&E's provision of services originating in the Territory of Guam ("Guam") and the Commonwealth of the Northern Mariana Islands (the "CNMI"). The submission of this final rate integration plan should not be construed in any way as a withdrawal or modification of IT&E's Petition.

In the event the Commission denies IT&E's Petition, IT&E will achieve rate integration in the following manner:

1. IT&E will eliminate any differential between the rates charged to subscribers on Guam and those charged to subscribers on the CNMI for all domestic interstate, interexchange

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telecommunications services, as defined in the Communications Act of 1934, as amended.^{1/}

2. IT&E currently anticipates that it will continue to offer uniform, postalized rates for calls from Guam and the CNMI to the U.S. mainland.

3. Based on its current understanding of the rate integration and geographic rate averaging rules, IT&E will continue to offer separate, different rates for calls from Guam and the CNMI to other U.S. offshore locations, such as Alaska, Puerto Rico, the Virgin Islands, and American Samoa. Such rates will apply uniformly to all of IT&E's subscribers, without regard to the geographic location of the subscriber. IT&E understands that the Commission's rate integration and geographic rate averaging rules prohibit carriers from charging different rates based on the geographic location of the subscriber. The rules, however, do not prohibit a carrier from applying to all of its subscribers a uniform rate schedule containing rates that vary based on the location to which a call is terminated. Such rates are consistent with the Commission's rate integration and geographic averaging rules because they are "no higher than the rates charged by [the carrier] to its subscribers in urban areas" and they are "no higher than the rates charged to [the carrier's] subscribers in any other State." See 47 U.S.C. § 254(g).

4. IT&E will continue to offer its optional calling plans, discounts, and other promotional offerings to all of its subscribers on Guam and the CNMI on the same terms and conditions, without regard to the geographic location of the subscriber. However, consistent with the Commission's application of its geographic rate averaging rule to temporary promotions and private line services, IT&E reserves the right to offer temporary promotions and private line services on different terms and conditions to different groups of subscribers within IT&E's service area. See Interexchange Marketplace, at ¶ 24.

5. IT&E currently offers 800/888 access service to callers on Guam who otherwise would be unable to reach toll-free 800/888 service subscribers who have chosen not to extend the geographic scope of their 800/888 service to Guam. In providing such 800/888 access service, IT&E charges callers for the portion of the call for which the 800/888 service subscribers are unwilling to pay (i.e., the segment between Guam and Hawaii, where the link to the domestic

^{1/} IT&E understands that the Commission's rate integration and geographic rate averaging rules do not impose any obligation on a carrier to offer particular telecommunications services to all of its subscribers throughout its service area. If, however, a carrier chooses to offer a particular telecommunications service to all of its subscribers throughout its service area, the Commission's rate integration and geographic rate averaging rules generally prohibit the carrier from charging its subscribers different rates based on their geographic location.

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800/888 network occurs). This 800/888 "paid" access, however, may no longer be necessary, since AT&T has indicated that, beginning July 1, 1997, it will extend its 800/888 service area to Guam for those 800/888 numbers that are dialable nationwide. Thus, IT&E intends to discontinue its 800/888 "paid" access service. In the event, however, that other interexchange carriers do not extend their 800/888 service area to include calls placed from Guam, it may be necessary for IT&E to reinstate its 800/888 "paid" access service to permit callers on Guam to reach 800/888 service subscribers.

6. As directed by the Commission, IT&E also is submitting as an attachment hereto a proposed rate schedule in conformance with IT&E's final rate integration plan. See Attachment 1. In the event that IT&E's Petition is denied, IT&E intends to adopt the proposed rate schedule as its basic rate schedule. However, the proposed rate schedule and the rates specified therein are subject to change, and IT&E reserves the right at any time to adopt a different rate structure or different rates that are consistent with the FCC rate integration rule. IT&E's ability to implement its rate integration plan as set forth herein may be affected by a number of factors, including the following:

(A) Inclusion of Guam and the CNMI in the North American Numbering Plan ("NANP") -- As the Commission has acknowledged, the inclusion of Guam and the CNMI in the NANP will help carriers to integrate those areas into their nationwide service plans. See Interexchange Marketplace, at ¶ 68. Such event is expected to occur no later than July 1, 1997.

(B) Implementation of Feature Group D on Guam -- As the Commission has acknowledged, the implementation of Feature Group D on Guam will enable subscribers to presubscribe to interexchange carriers serving Guam for 1+ dialing. Id. Such event is expected to occur no later than July 1, 1997.

(C) Revision of the access charge structure by the Guam Telephone Authority ("GTA"), the sole local exchange carrier serving Guam -- As the Commission has acknowledged, the revision of GTA's access charges will help interexchange carriers to set their final rate schedules for service to and from Guam. Id. GTA is expected to offer for the first time access charges under the National Exchange Carrier Association tariff on July 1, 1997.

(D) Changes in the access charges of the Micronesian Telephone Company ("MTC"), the sole local exchange carrier serving the CNMI -- MTC's access charges currently are well above the national average and the rates of NECA members and other GTE Operating Companies. Revisions to MTC's access charges are expected to be filed under the tariff of GTE, MTC's parent company, by July 1, 1997. Any further increase in MTC's access charges may require IT&E to increase its own rates or otherwise alter its rate structure.

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(E) MTC's filing of final tariffed rates for private line services over its Guam-CNMI fiberoptic cable facilities -- MTC initially filed tariffed rates for such private line services, but has since withdrawn its tariff filing following claims by PCI Communications, Inc., that MTC's proposed rates were excessive, devoid of cost support, and inconsistent with the FCC rate integration rule. MTC is expected to re-file shortly.

(F) COMSAT's filing of a domestic rate integrated tariff for INTELSAT satellite services between Guam and the CNMI and between these points and the rest of the United States -- COMSAT currently does not offer domestically integrated rates for such INTELSAT satellite services, and customers, including IT&E, purchasing such services currently pay excessively high international rates.

All of the above-mentioned factors are beyond IT&E's control and may materially affect the implementation of IT&E's rate integration plan as specified herein.

Please direct any questions or correspondence concerning the submission of this final rate integration plan to the undersigned.

Very truly yours,



Margaret L. Tobey, P.C.
Phuong N. Pham, Esq.

Attachment

cc: Parties on the attached Service List

INTERSTATE MESSAGE TELECOMMUNICATIONS SERVICES

3. SERVICE OFFERINGS (Cont'd)

3.1 Sent Paid/ Received Collect IMTS (Cont'd)

3.1.3 Rates. (Cont'd)

	Direct Dial (1st Min)	Station to Station (1st 3 Min)	Person to Person (1st 3 Min)	Each Addl Minute
From Guam/ CMI to:				
American Samoa	2.25	7.75	8.75	2.25
Alaska, Hawaii, U.S. Mainland Puerto Rico, U.S. Virgin Islands				
Tuesday - Friday				
05:00am to 04:59pm	.99	6.50	8.50	.98
05:00pm to 10:59pm	.99	6.50	8.50	.88
11:00pm to 04:59am	.99	6.50	8.50	.68
Saturday - Monday				
05:00am to 10:59pm	.99	6.00	7.50	.83
11:00pm to 04:59am	.99	6.00	7.50	.68
From Guam to the CMI or From the CMI to Guam	.55	2.40	3.30	.55

Issued: July 31, 1997

Effective: August 1, 1997

Issued By:

John M. Borlas
Administrator, Rates and Tariff
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